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18 January 1978 - Admiral Turner's talk to the Conference Board, New York City.

Thank you very much Frank Cary. Ladies & Gentlemen. I'm here tonight because clearly it is a signal honor to be here and a tremendous opportunity. But I am really here more because, thanks to Sandy Trowbridge, thanks to Kay Randall, over the past 5 years I've had three opportunities to participate in YAMA conferences of this organization. These were in my previous incarnation as a Naval officer and on each occasion, as I sat around with those forty-some businessmen, I found myself a little like a fish out of water. Certainly one who had very little to bring but a great deal to learn and from which to benefit. I felt then that it was important to those of us in positions of authority in the government understand your world and the important connections between the business world and the government. As I am now in a different position, I feel even more keenly that it is critical to me and I hope that we can be helpful to you.

Frank mentioned your reading habits with respect to what you know about me or think about my position. I must admit to you that as the Director of one of our most secretive government agencies, I'm a little abashed at the amount of publicity that I get these days, at least since I opted to dismiss a number of employees 2 1/2 months ago. Now the furor that this has caused in the media, is I think,

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symptomatic of the fact that the Intelligence organization of our country is at an important turning point. When you come to changing directions in a bureaucracy, be it an intelligence bureaucracy or any other--I suspect even in some of your businesses--it is not always easy and painless. If I could have the temerity tonight, in this the center of the American business community, to try to draw an analogy between the change that is taking place in the American Intelligence Community and a hypothetical family business which has just decided to incorporate, I'd like to try.

I'd like to suggest that the CIA in particular, within our Intelligence Community, is today in a position of a family business that 30 years ago started out with a good product and has successfully produced and marketed it. But today it is finding that that product has changed or the times have changed just enough that it needs a little modification, a little diversification. As a result, the company is going to incorporate it. This is similar to where we are in the CIA, which 30 years ago started out with a very clear product line. That product was intelligence about the Soviet Union. It may be intelligence about it's principle satellites in Eastern Europe and intelligence about those areas where the Soviets were from time to time making forays and explorations into the free world. But the product line was determined by where and what the Soviets were up to. Think, think now back at that

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period thirty-some years ago and how much the interests of the United States of America have diversified since that time. I would suggest that in most of your businesses, a number of countries in this world with which you were concerned, 25 - 35 years ago, was infinitesimal compared with today. So it is with us, in the government, the United States has very legitimate proper needs for good intelligence information about most of the 150-some countries in the world today. That needs transcends what was an emphasis thirty years ago not only primarily on the Soviet Union, but primarily on military intelligence. Today, our country needs to know what's going on economically or we'll get left at the starting post when it comes to negotiations. It needs to know what's going on politically or we won't be able to work cooperatively, as well as competitively, with other countries in the world. And, of course, I cannot slight the fact that the Soviet military situation does remain the number one priority in all of our intelligence activity. But it has had to come to share more of our resources with these other burgeoning demands in other areas. And there is one other difference in our intelligence product today.

Over the past thirty years the country has not only wanted us to know and tell the policy makers what was going on when the Soviets made a probe somewhere around the Free World. They wanted us to help do something about it. We were there in Iran in 1953 when the communist Tuda Party, was

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thrown out. We were there in Guatemala in 1954 when the communist Arbenz lost the presidency. We were perhaps unfortunately there in 1961 in Cuba and thereafter. We were fortunately and constructively there through the long days of Vietnam. As recently as 1975 we were there in Angola until the Congress decided that was not what they wanted to do. But look at today and the difference of attitude--when people of this country do not want that same type of covert political action interfering in the affairs of other countries. I'm not saying we should eschew that capability, or that employment entirely. There may be needs for it. Less I think today than there has ever been before. Today implied political action will be used more judiciously and under greater supervision and control and I'll come back to that in a moment.

Our product today is much less political action than it is the gathering of good intelligence information - economic, political and military in a wide spectrum of countries all around the world. Now when you change your product, as I have described it, you have to change attitudes in the organization, you have to change outlooks, you have to cut one dynasty down and build it up into another, as you all know better than I. It's not really not difficult but it can be noisy and it can be somewhat painful. Now another reason that a family business may decide to incorporate is simply that it's production line has become outdated. They need new machinery and new financing to obtain those things. I would suggest to you today that the machinery of intelligence in our country needs

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some overhauling. I speak primarily of the machinery to go out and collect intelligence information.

Now way back biblical times in Jericho, they sent in spies to the city before they took the trumpets and marched around them. The human agent, the human spy, has been a critical element of all intelligence operations ever since. But I would suggest that our production line is changing. In the last decade or dacade and a half, we have achieved new technical systems for collecting intelligence which are utterly amazing. The difference today than a few years ago is like the difference between going out to water your flowers with a garden hose or with a fire hose. It just pours in so much more information through these technical data collection systems today. And what does this mean? It means our production line techniques must change. Now interestingly, one of the things it means is that there must be more emphasis on the human intelligence element. Why? Well because very broadly speaking technical intelligence collection tells you what happened yesterday or maybe today. But every time I take to a policy maker a piece of information that says, so-and-so did such-and-such yesterday, you know what I'd expect. What are they going to do tomorrow? Or why did they do that yesterday? Now that is the forte of the human intelligence agent; to pry into and find out what people are thinking, what they are planning, what they are writing, what they are discussing, what they are hoping to do. So, as more data comes in from the technical systems, we are beset

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by increasing demands to complement that with good human intelligence efforts.

But what I have described briefly here is quite a different production line. The human spy element is no longer the primary star in the galaxy it's one of many, perhaps first among equals. We must today bring together in a complementary fashion the capabilities of the new technical systems and the old traditional human systems. Here again, we make changes, we make organizational re-arrangements. We have to have new considerations as we undertake collection activities to see how they fit together in a proper mesh. We have to make sure that our production line is a well-oiled machine. And that's new--it's unsettling, it's disturbing, to people who have been working as they have for the CIA for thirty years on a slightly different basis.

Now when a family business changes both its product and its production lines substantially, it often finds the old uncle or the old cousin doesn't happen to be just the right man to manage the new computer complex. Yet, it's not always easy in a family business to let Uncle Bill go. At least not until you have incorporated and become just a bit less personal. Here again, there is an analogy with the state of affairs in the CIA today. Thirty years ago, 25 years ago, at the height of the Cold War we were able to bring in to this Agency some of the most remarkable, capable, dedicated human talent that you can imagine--wonderful, successful, capable people. But much like many family

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businesses we had not made adequate provisions for replacement. Let me give you an example. In CIA we have four levels of Vice Presidents. Four pay structures. The other day I asked the average age of the people in those levels. There is a three-year difference between grade one and grade four--an average age. And between grade 2 and grade 4 there is a one-year difference. We have allowed this marvelous talent to bunch at the top. Now that suggests to you that I'm going to have a problem one of these days and not very far off, because they are all going to leave at about the same time. Now that may not terrify you, but it does me for this reason. You see, if your bank, or your law firm, or your corporation finds that 50% of its Vice Presidents are going to retire in the next two or three years, you've got a problem. But there are other banks, other law firms, other corporations like yours. You'll find the talent in the market that you'll need. Where do you suggest I turn? And to which of you should I turn for a trained spy! I can't go out into the street and recruit them. And yet, the reputation of our government and in some degree its success may depend on my having people in these very sensitive, risk taking positions who are skilled, who know the trade, who have had that background, that training as they came along. I'm referring here primarily to what we call our clandestine service. I don't want to overstate the case because there is a lot of the CIA that we do bring people in from the outside, the analytic side who interprets all this

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information that has been collected. We can use lots of people from other organizations there. But in the clandestine side, it's a very special thing, and it is not easy to bring in an outsider. So we cannot manage our personnel as a family business. We must program so we select and groom the best we have, and ensure that there is a progression to which they can follow. So that when it comes to my responsibility to select some individual to take a very sensitive and risk taking position, be it in our Headquarters in Langley, or be it in one of our overseas posts, I want to have three or four candidates for that job. So that I am sure that I have just the right one. It is too dangerous not to have that choice. But that means we must become internally competitive in our personnel system. We must earn the right to be what we believe we are in the clandestine service, an elite organization. I assure you it was not easy last November 1st to tell 212 good, faithful employees we no longer needed their services because we needed to make room for this progression. It is difficult, it's unpleasant, but it has to be done.

Most family business are also able to stay out of the public limelight. That is, until they become a public corporation and have stockholder's meeting and annual reports and so on. And with the CIA moving into the public limelight it is particularly difficult today, because so much of what we must do simply must be kept secret. Some of the things that just can't be done if they're made public.

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We have no choice today other than to operate more openly with the American public. There are certainly disadvantages in this, particularly when you look at how the KGB operates against us. But there are substantial advantages too. We do want the American people to know more about what we are doing, because the CIA does work for the American people. The CIA could have benefitted in recent years when under attack, sometimes correctly but frequently incorrectly, if it had had more support from the American public, but it had never made an effort to generate that support. Yet, it had in countless ways earned it. Now I don't mean to say today that in an effort to gain that support we're going to go public and tell everything. We can't stay in business if we do, particularly we can't talk too much about how we get our information. But what we can talk about more and are talking about more is the product of our efforts. The information we have gleaned, digested, winnowed down and tried to put into some understandable form with some reasonable set of conclusions. Much of this can be made available as a public service. I particularly feel it can be a service to you in the business community.

Let me give a few examples. Last July we published a major study, unclassified, on the prospects for the Soviet economy. What we said was we think the prospects are more bleak for that economy today than anytime since the death of Stalin. Why? First, for demographic reasons. Birthrates in the 1960's were very low in the Soviet Union and there is

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no way for them to avoid a drop in the rate of growth of the working force in the Soviet Union from 1 1/2% today to what will be 1/2% in the 1980's. Why is that significant? Because the Soviet formula for continuing increases in productivity, in our opinion, has been greater and greater infusions of labor and of capitol. Capitol is becoming more scarce for them and for us and for everybody else. They are reaching further into Siberia for natural resources. It's more costly and more difficult. So that in their formula is beginning to run out, and they are going to have problems. And what does that mean to you in the American business community? We predict by the early 1980s, the Soviets will have increasing difficulty in finding the foreign exchange that they will need in order to buy from us, from the other Western countries, the technology which they need and want for their economy.

Last March, we put out a study on the world energy prospects. I suspect you've heard of it some, it was controversial but it was an effort to give our best estimate as we could. I can think and hope that it stimulated a useful national debate. We simply looked at those curves of growing demand. We looked at the curves of growing production as we can forecast them and we happened to particularly feel from what evidence we had that the Soviet Union was going to peak out in about 1980, when the great Samotlar field begins to diminish and it's going to go down. We weren't saying the

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that the Soviet Union is running out of oil or that the world is running out of oil, we were saying that somewhere in the early 1980s the world's ability to pump out of the ground as much oil as it would like to consume on the surface--it's not going to be there. What does that mean to you? Inevitable pressure from the prices. Now we may be proved wrong, we hope we're proved wrong in many ways. But we are doing a couple of things. We've gone to industry, we've gone to academia, we've gone to think-tanks, and I personally wrote letters to anyone who appeared in the media, for instance, subsequent to our publication of this study and criticized the study, sensibly anyways, and I said send me amplification of your problems and those who responded we called down to Langley. We had a day long conference and we got a lot of good ideas. Good ideas to help us focus our intelligence collection effort to find out whether we are right or wrong as the evidence comes in over the months and the years. So here we hope we have stimulated a debatethat would help people focus on what can be a most significant national issue.

Let me give one more example. Last May we published a study on international terrorism. Very briefly it simply said we see no likelihood of a decline in this malaise that besets the world. We also see no prospect of a decline in the unfortunate statistic that whereas, three years ago two out of five international terrorist incidents affected U.S. investments or interests abroad, whereas last year it was three out of five--ominous and unfortunate.

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Now this greater openness, this greater visibility for some of the activities of the Central Intelligence Agency, have not come easily to the establishment. But I think this kind of visibility is being accepted more from within and from without and I do not believe that it is impinging upon our effectiveness.

Finally, when a family business goes public it must subject itself to greater oversight, greater direction from its board of directors and perhaps from the public itself. We in the CIA, we in the entire Intelligence Community today are subject to much greater direction from our board of directors. Our board is the President, the Vice President, the National Security Council and two special committees of the Congress dedicated to intelligence oversight. And also something called the Intelligence Oversight Board, a body of three distinguished individuals - Governor Scranton, Senator Gore, Mr. Farmer of Washington - were appointed by the President to look into our legalities, our proprieties. I call all of these surrogates for public oversight, since full public disclosure and oversight simply isn't feasible. But we are today doing much more in the way of talking to; answering questions from; and being as fully responsive as we possibly can to these various surrogate oversight bodies. This gives us strengths as well as risks. It gives us the strength, a feeling, that we are not going too far off track from the attitudes of the American public and what it wants from its intelligence organization.

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It gives us strengths in getting an outside opinion and view on the risks which we must necessarily take from time to time. It gives us strength in somehow sharing the responsibilities of those risks. I would say in passing here that I am very pleased that one of the people who is sharing those risks with us, who is conducting this oversight on us, is your New York Senator, Pat Moynihan. He is a member of this Senate Select Committee on Intelligence. I would say also that these committees are proving to be very constructive and very helpful to us and yet are maintaining that necessary distance and aloofness that is required for them to be sure that they are also performing an adequate oversight function.

Very soon the President will sign a new order reorganizing the Intelligence Community after a long study process. After that, the Congress will codify some of these new organizations, regulations and inhibitions on us. That will take place over the next year or so and there will be very important debates in which these two committees who have come, through their oversight process, to understand us. Understand what some of our limitations are in being able to inhibitions and controls and where else we can, without detriment to our assigned task, accept regulations. That will be invaluable in negotiating between the Executive Branch and the Congress as to what kind of regulatory legislation should be passed for the Intelligence Community of our country. But again, this greater sharing;

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this greater supervision does not come easily from a tradition of maximum secrecy. It's an unsettling process. All of these five major steps that I've outlined, changing from a family-type to a corporation-type business, are unsettling and they have led to a fair amount of noise in the background; they have led to a fair amount of expression of disgruntlement in the media.

With all deference to Kay Graham I say that I urge you to recognize that it's the media's job frequently to concentrate on the problems and less on the accomplishments. I would say that in my view today these discordant noises that you hear about the Intelligence world of our country are really grandpa--grandpa the founding father sitting in the back room asking why, when one bookkeeper took care of it all in his day, we need a bank of computers today. I assure you that a vociferons as these voices as at times, they do not represent a respectable or a substantial segment of opinion within the CIA or within the Intelligence Community. There is in fact, consensus that we must move. We must change our product away from political action to the collection of intelligence across a broad spectrum geographically and topicaly. We must change our production line to integrate human technical intelligence collection abilities. We must modernize our personnel management systems. We must be sufficiently open to assure the American public and we must be fully responsive to the duly constituted external controls of oversight over us.

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In closing, I want to tell you my convictions that our new family corporation in intelligence is today producing the finest intelligence in the world and I assure you that I intend to keep it just that way.

Thank you.

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QUESTIONS & ANSWERS: Conference Board - New York City

Q: Admiral, would it be in order for you to evaluate the political crisis in Italy?

A: Well I've lived in Italy for a year and a half as Commander of NATO's Southern Flank before I came here so I have a hard time dodging that question. There has been an inextricable slide it would appear over the last several years in Italy towards greater communist participation in their government. I must say that I am surprised at the speed at which this step has come upon us and I certainly feel strongly the position that was enunciated by the State Department the other day, with regard to our concern about increasing communist participation in friendly European governments. As a NATO commander, I sat there very concerned about what we could do to maintain the privacy of our secret NATO information in the mist of a government that has communists in the Cabinet and the Defense Department, and so on. At the same time, we certainly are not in a position today, I don't believe, to feel that we know best what's best for the Italians. I would not want to think of or encourage what has been reported as having been done in the past of covert political action to finance one or another political actions from the inside, who interferred in their electoral process. So we've got to let the Italians work it out and I think the firm statement by the Department of Defense at least puts us clearly on record here as to what we think are the equities involved.

Q: The analogy to a corporation is a very useful one. But I'd like to have you carry it one step further. We in the corporate world have somethings that we do, we have a bottom line and we defend against competition. How would you respond to a question which asked you.....

A: Well that really puts the man who's never met a payroll in his life on the spot. It's, of course, very difficult to give a quantitative measure of either effectiveness or comparison in capability with the opposing intelligence service in this case and, of course, we take it on the head when we miss one here and there. Then it becomes a matter of public concern. I'm not sure that I can give you a really concrete answer to that. I can say that I know in this current Administration, the President is very pleased with the Intelligence support he is getting and has said so a number of times publicly. I know that we didn't call some shots that we could

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have called. I had lunch with William Safine today and chided him on his story about me in which he said "If Turner can't predict the Soviet grain harvest within 10% how can he tell how many missiles they have." I told him it was a lot easier to see a missile than an ear of corn! But seriously, we want to improve on those that we make like that. We want to be as cost-effective as we can be. It's one of the reasons I am in this process of dismissing 820 employees--reducing our overhead, and this all came out of Headquarter's overhead. It's critical that we be cost-effective and conscious, simply because the cost of these new technical systems are astronomical. We'll just not be able to afford them all if we haven't been tough on ourselves in saying what do you really need and what is nice to have.

Q: I've been constantly bemused by what appears to be a decision on the part of the American people that political action, and I mention that where our choices are either political action - leave it alone - or armed conflict. This political action must be astute and, somehow, I can't rationalize that. How can you?

A: I think I rationalize it to begin with by reemphasizing that I don't say we're eschewing political action, we're using it less frequently and more judiciously. I think that's inevitable, I think there are fewer ways in which we can use it today, due to the public attitudes around the world. If we were to finance a political campaign in some free democratic country, I think it would be out in the newspapers in nothing flat and it would probably hurt the people we were helping more than it would help them. We are in a different world of public visibility today and we have to judge what we do against the danger that it will be exposed and then what will be the consequences of that. That's one reason I think that it is not as applicable today. I think, beyond that, there is one recourse that you did not mention, sir. That's overt action and I think it is the policy of this Administration, I think it is the attitude of the people of this country that whenever something can be done overtly and we think it still will be effective, we should do that. I certainly subscribe to that with regard for instance to collecting intelligence information. If it is available overtly, we shouldn't do it. It's risky and expensive and we should get it through the Ambassadors, we should get it through open sources to the extent we can.

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Q: Admiral, you are subjected to all kinds of.....

A: No Sir.

Q: I don't think that you can be held responsible for all intelligence--economic, political, military, human, psychological, etc.,against the military intelligence community, State Department intelligence community, the Treasury Department intelligence community. There has been, I think, some sense of putting it together is that right?

A: Yes, On your first point there was a President's Foreign Intelligence Advisory Board. We have discontinued that in part because we now have other mechanisms for overseeing our activities. Each committee of the Congress has a Subcommittee specifically tasked to evaluate the performance of the Intelligence Community, which was, in fact, the role of this President's Foreign Intelligence Advisory Board. In addition, very quickly I would say the President's new order that will come out next week will put much more responsibility on the National Security Council--the Secretary of State, Secretary of Defense, Secretary of Treasury, Dr. Brzezinski, myself--to provide that evaluation. That's very valuable because we also get the feedback of what those policy makers want us to do because they can't criticize us unless they've told us what they want. Frequently that's been a missing cog in the Intelligence game. If I define what we want, I'm not a policy maker and it's not necessarily going to match what Cy Vance needs.

On your second point, you are really asking do I have the authority as Director of Central Intelligence to carry out the function of coordinating and bringing together all these diverse types of intelligence from all these diverse sources. The answer is in part no, but again the reorganization that will come out next week will strengthen my role in two regards. I will have full control over the budgets of even the Defense Intelligence elements, and I will have full control over tasking the collection activities--tasking, telling them what to do, directing, making sure that A is looking at this and B is looking at that and we're not skipping something in between, or that we're not duplicating more than is desirable. It is a step toward greater central control but not going all the way to a single control and I think it is a good step. I think it's a good position and it particularly perserves, and I say this against the

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argument that I am or wanted to be or will be a czar of intelligence which is not the case. It particularly perserves the freedom and independence of the analytic estimating function in the Department of Defense and the Department of State as well as in the CIA. You and I want that. We want divergent opinions to come forward. No data that you receive is so black and white that you know exactly what it means. You want different interpretations. This new organizational structure very carefully perserves that independence. I coordinate it, I bring it together but they work independently contributing to my mission.

Q: Admiral Turner, the people in this country were quite excited and upset by the recent step by the recent revelation of infringement of civil rights by various units of the CIA and the FBI in times past and yet it is now a matter of public information that the Russians have an espionage system that includes the interception of telephone messages in and out of Washington and New York and many other cities at least that I'm aware of at this time. These it seems to me, constitute violations of our civil rights even if done by a foreign country but apparently nothing can be done about it, is that the situation?

A: Well there are certainly limitations on what you can do about it without violating the Constitution and without violating the laws of this country. An embassy of the Soviet Union or any other country has legal privileges or whatever. You can't just barge in to a foreign embassy. We could P&G all the Soviet people working on those things. But they would replace them tomorrow, or we wouldn't know exactly who was working on that and working on genuine consular work and embassy work and so on. I would say the government is doing all it can in my opinion and in moving very vigorously to prevent the American public and the American corporations and the American Government from being taking advantage of here. We have been aware of this for a number of years. We have been moving the principle government communications in the cities of San Francisco, New York, and Washington underground where they are less vulnerable. We've been working with industry, military-industrial activities, both to encourage a greater sense of security on the part of the industry users, to get that equipment under ground or into other modes which are not easily intercepted or deciphered. We are encouraging the

the development of acutal encipherment equipment that will make this fully safe. But we also do not feel at this time that the Soviets are targetting private telephone communications of you and me. And that they are primarily working against industry that's related to business. The government sector is the first that has got off the vulnerability circuit and we are now working on this other direction and I think that the nation's interests are being protected, or that is, they will be quite well protected in a very short period of time if we take steps that can be taken to shield them.

Q: A moment ago you were asked about the bottom line. There were two aspects of it--cost effectiveness that you answered; the other aspect of it was competitive performance. Do you feel with the constraints that you have described that you can perform this deadly serious mission as effectively as some of your competitors, either the Soviet model or some European models?

A: Yes, I do. Clearly, no inhibitions at all, no regulations, no supervision at all has certain operational advantages. I think they are outweighed, however, by the projection of our own rights and freedoms and by the additional direction that we get from this. I would say with some sincerity if I think the Agency made some mistakes in the past it was very largely because they were still working on this track and the country was going on that one. This does help prevent that. As far as comparison with the Soviet Intelligence or European Intelligence, let me make a couple of quick comments. I think we are ahead of the Soviets in two regards--(1) we are ahead technically and (2) I think that you cannot in a totalitarian country where you must fear the consequences to yourself of what you say. I don't think you can analyze intelligence as objectively, as fairly as you can in our society. I think that puts a great burden on my corresponding numbering. As far as the friendly intelligence services are concerned, I didn't want to say we were better than they in all regards. Some of them, of course, very, very capable. But I will say this, the technical systems have changed the complexion of intelligence today such that if you don't have the size of operations, the financial investment that we put into it, you can't be on the first team. They do very well either where we supplement what capabilities they have to make up for the fact that they don't

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have the amount of investment that we do. Or they do very well in specialized areas within it and that's one reason we try to work very cooperatively with the principle intelligence services of our principle allies.

Q: Admiral when you were selected to head the CIA, obviously they selected a man with a great deal of management and leadership experience. In view of that, how do you explain the background of the next Director of the FBI who is due to take office next month....

A: You've got me in a conflict of interest, one of them which was a classmate of mine at Amherst! I think he is a very good man. I don't know the other gentleman and am not picking between them, but I certainly pick the one that I know is a first class person. We all thought Judge Johnson was very well qualified and a very, very fine man. I think you can emphasize the managerial experience--handling large numbers of peoples; you can emphasis understanding all the fine nuances of the law; you can emphasize integrity, character, qualities--and surely the President has found a mix of those that he feels comfortable with. It is of course, extremely important that both he and Attorney General Griffin Bell be very comfortable with him and I have to leave it at that.

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